

**SANTA ROSA BOARD OF PUBLIC UTILITIES MEETING MINUTES
THURSDAY, OCTOBER 15, 2009
CITY HALL COUNCIL CHAMBER, 100 SANTA ROSA AVENUE
REGULAR MEETING**

1:35 p.m. Mayor's Conference Room

ROLL CALL

Present (7) Chairman Dowd, Vice Chair Swinth, Board Members Gale, Galvin, Holt, Lowe and Meechan

STATEMENTS OF ABSTENTION BY BOARD MEMBERS

Board Member Lowe stated that he would be abstaining from the approval of the minutes of October 1, 2009 because he was absent from the meeting.

STUDY SESSION

3.1 FEDERAL FUNDING FOR IMPLEMENTATION OF THE SANTA ROSA URBAN REUSE PROJECT

Greg Scoles, Deputy City Manager introduced Hal Furman with The Furman Group and stated that Mr. Furman's contract for assisting with obtaining Federal funding for the Urban Reuse Project was scheduled for approval later in the meeting. Jennifer Burke, Senior Water Resources Planner provided an overview of the Urban Reuse Project and estimated costs for all 4 Phases of the Project. In December 2007, the Board and Council approved Phase 1 West of the Urban Reuse Project and identified the Pilot Project as the first segment of Phase 1 West. The Pilot Project includes 28 potential customers with a demand of 45 million gallons per year. The Pilot Project is being funded by Proposition 50 and LRT2 Grant Funds. The Pilot Project is currently out for bids, with construction estimated to begin in 2010.

Mr. Furman reviewed his background and explained that his firm specializes in finding funding for public agencies for water and sanitation infrastructure. He discussed the differences between the authorization and appropriations process and the benefits of each. He identified the two programs that were available as funding options, one is Title XVI administered by the Bureau of Reclamation and the other is the Section 219, the Water Resources Development Act (WRDA), administered by the Army Corp of

Engineers. WRDA funding was identified as the recommended program because it offers a higher federal cost share. Mr. Furman then discussed the next steps in applying for the funding and identified the roles of his firm, department staff and the Board.

Adjourn study session and reconvene to open session in City Council Chamber at approximately 2:30 pm.

MINUTES APPROVAL

Vice Chair Swinth moved approval of the minutes of October 1, 2009. The motion was seconded by Board Member Holt and carried unanimously. AYES (6) NO (0) ABSENT (0) ABSTAIN (1) Lowe

STAFF BRIEFINGS - NONE

CONSENT ITEMS

6.1 ORDINANCE AMENDING CHAPTER 14-04 OF THE SANTA ROSA CITY CODE TO ADD PROVISIONS FOR RECYCLED WATER RATES FOR USERS SERVED BY INTERRUPTIBLE SUPPLY

MOTION:

Board Member Lowe moved to approve Resolution No. 967 entitled "Resolution of the Board of Public Utilities Recommending that the Santa Rosa City Council Adopt an Ordinance Amending Certain Sections of Chapter 14-04 (Potable Water and Recycled Water Service) of the Santa Rosa City Code to add Provisions for Recycled Water Rates for Users Served by Interruptible Supply." The motion was seconded by Board Member Galvin and carried unanimously. AYES (7) NO (0) ABSENT (0) ABSTAIN (0)

6.2 PROFESSIONAL SERVICES AGREEMENT WITH THE FURMAN GROUP FOR FEDERAL FUNDING ADVOCACY SERVICES FOR IMPLEMENTATION OF THE SANTA ROSA URBAN REUSE PROJECT

This item was removed from the Consent Calendar to allow for discussion.

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Brenda Adelman, Russian River Watershed Protection Committee expressed concern about moving forward with approval of the agreement because it involves moving forward with all phases of the Recycled Water Project instead of just the Pilot Project and thought additional environmental work may be needed. She spoke about concerns that the City may receive less water from the Agency and that continued conservation will contribute to less wastewater being available for the Project.

Board Member Galvin stated that this item did not come before the Contract Review Subcommittee but he was contacted to discuss the agreement. Chairman Dowd reported that he and Vice Chair Swinth had discussed this agreement via teleconference with Mr. Scoles, Dave Smith, Merritt Smith Consulting and Mr. Furman because the timing needed to meet Congress' calendar.

Dr. Smith responded to Ms. Adelman's concerns about additional environmental work being needed. He stated that it is likely additional environmental work would be needed because federal funding would require compliance with the National Environmental Protection Act and to date the City has only completed environmental documents as required by the California Environmental Quality Act. The work needed is about a 6-8 month process and can be completed if and when the federal funding becomes available or at the Board's discretion. Ms. Burke responded to Ms. Adelman's question about sufficient recycled water being available to meet the demands of the City and stated that as part of the Urban Reuse Project, the City completed a water balance model for recycled water. As part of the model, the City included the full amount for the City's Urban Reuse Expansion, as well as providing for the Geysers, existing Urban Reuse and Ag Reuse.

MOTION:

Vice Chair Swinth moved to approve Resolution No. 968 entitled "Resolution of the Board of Public Utilities Approving Professional Services Agreement with the Furman Group for Federal Funding Advocacy

Services." The motion was seconded by Board Member Galvin and carried unanimously. AYES (7) NO (0) ABSENT (0) ABSTAIN (0)

REPORT ITEMS

7.1 SONOMA COUNTY WATER AGENCY PROPOSED WATER SUPPLY STRATEGIES

Jennifer Burke, Senior Water Resources Planner gave the staff presentation and provided background information on the presentations that the Sonoma County Water Agency (SCWA) made on the 12 proposed strategies. She explained that in addition to the SCWA Board asking for input on the 12 proposed strategies, the Chair of the Water Advisory Committee (WAC), Jake McKenzie, also asked all water contractors to provide input on the 12 strategies. Ms. Burke provided an overview of the SCWA 12 proposed Water Supply Strategies, the recent SCWA Board of Directors resolution which, among other things, directed the SCWA General Manager/Chief Engineer, with the input of the water contractors and other interested stakeholders, to commence and continue the development of new water supply projects, plans, and strategies to meet the reasonable expected future water demands of the water contractors, taking into account the National Marine Fisheries Service Russian River Biological Opinion constraints and reduced Potter Valley Project flows, and incorporating the 12 water supply strategies. She then reviewed the Board's previous direction to staff direction on the 12 proposed strategies which the Board provided at their July 20, 2009 meeting. Ms. Burke explained that many things had changed since that meeting and staff was back in front of the Board for formal direction that would be brought to the Council for their consideration. She then presented the recommended top priorities from some of the other Water Contractors, including North Marin Water District, Marin Municipal Water District, Sonoma, Petaluma and the Valley of the Moon Water District.

Dennis Rosatti, Sonoma County Conservation Action – encouraged the Board to make a statement for better communication with the

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SCWA; asked that the request for 101,000 acre feet be removed; use the system currently in place; maximize the resources we are getting out of it and don't pursue billion dollars projects that the ratepayers will have to fund.

Brenda Adelman, spoke about Chairman Dowd's comments about prioritizing ratepayer's resources to achieve current and future water supply; asked how a \$500 million project would be funded and stated that citizens cannot afford to pay for another large pipeline.

Board Member Holt and Board Member Gale both presented edits to the staff recommendation for review and discussion by the Board. A discussion ensued about the removal of the specificity of 101,000 acre-feet per year and possibly using Sonoma's or Petaluma's recommendations as a guideline. After further discussion the Board concurred on the recommendations as follows: Prepare a water supply master plan with approval of the Water Contractors to achieve the following:

- Fulfill contractual water supply obligations to the Water Contractors.
- Restore reliability of water supply and system capacity.
- Provide transparency and collaboration in water supply planning decisions.
- Prioritize SCWA's and water rate payers' resources to achieve current and future water supply and reliability.

Staff requested that they have an opportunity to prepare the final resolution so that the Board could take formal action. The Board concurred and remaining agenda items were heard until staff could complete all edits.

7.2 WATER SUPPLY UPDATE

Ms. Burke reported that Lake Mendocino is currently at 45,980 acre feet with releases of 149 cubic feet per second. Lake Sonoma is currently at 193,809 acre feet with releases of 105 cubic feet per second. She further reported that the flow gauge at Hacienda is measuring flows at 560 cubic feet per second which has increased from the recent rain

event. Ms. Burke showed a chart comparing the City's Purchases from the Water Agency vs. the City's monthly Allocation from the Water Agency and added that the City continues to meet our monthly allocation, most recently purchasing 1,913 acre feet for the month of September. She also showed charts identifying water savings for September at 22.3% compared to 2004. Ms. Burke presented a chart showing total water savings per connection and Single-Family Residential water savings per connection. In September 2009, compared to September 2004, total water use per connection was reduced by 26.19% and Single-Family Residential water use per connection was reduced by 14.54%. Ms. Burke further reported that the Water Conservation Programs continue to be extremely popular and are currently scheduling inspections for the Green Exchange and High Efficiency Toilet Programs through December.

8. PUBLIC COMMENTS ON NON-AGENDA MATTERS

Dennis Rosatti, Sonoma County Conservation Action spoke about his concern that infrastructure is being outpaced by growth that has already occurred; spoke about the dependence on Eel River water and the impacts on its endangered species.

Anne Seeley, Concerned Citizens of Santa Rosa encouraged the Board to create a model to achieve better communication between the SCWA and the City.

Brenda Adelman, Russian River Watershed Protection Committee stated that water issues are complicated and asked the Board to pay careful attention to all of the information including the Biological Opinion, Decision 1610, and the Potter Valley Project.

9. REFERRALS

10. WRITTEN COMMUNICATION (And Possible Board Action)

11. SUBCOMMITTEE REPORTS

Board Member Galvin reported that the Contract Review Subcommittee is scheduled

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to meet on November 3rd. Vice Chair Swinth reported that the Budget Review Subcommittee is scheduled to meet on October 20th.

12. BOARD MEMBER REPORTS

Chairman Dowd reported that he and Board Member Gale are involved in the City's Strategic Planning process that is occurring on October 15th and 16th.

13. DIRECTORS REPORT

Miles Ferris, Director of Utilities reported that the department is running well and the recent storm caused little problems. He further reported that the new Todd Road lift station worked perfectly through the storm with the new gravity pipelines.

ANNOUNCEMENT OF CLOSED SESSION ITEM(S) AND ADJOURNMENT TO CLOSED SESSION(S) (MAYOR'S CONFERENCE ROOM – ROOM 10)

At 4:21 p.m., Suzanne Rawlings, Assistant City Attorney read the closed session items and reported that only items 14.1 and 14.3 would be heard and there was no need for item 14.2.

14.1 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

(Subdivision (a) of Government Code Section 54956.9)
City of Santa Rosa v. Sonoma County Water Agency, et al., Sonoma County Superior Court Case Number SCV – 245844

14.2 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (b) of Government Code Section 54956.9: One potential case

14.3 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

(Subdivision (a) of Government Code Section 54956.9)

Name of Case: City of Banning, et al. v. James Jones Co., et al., Los Angeles County Superior Court Case No. BC321513.

At 4:24 p.m., Ms. Burke returned and indicated that the resolution had been prepared with the Boards edits and requested that item 7.1 be heard prior to entering into Closed Session which the Board concurred.

7.1 REPORT – SONOMA COUNTY WATER AGENCY PROPOSED WATER SUPPLY STRATEGIES – CONTINUED

Ms. Burke presented the final resolution to the Board for review and action. The Board concurred that the resolution accurately reflected the Board's recommendation.

MOTION:

Vice Chair Swinth moved to approve Resolution No. 969 entitled "Resolution of the Board of Public Utilities Recommending that the City Council Adopt a Resolution Providing Input on the Sonoma County Water Agency's Proposed Twelve Water Supply Strategies." The motion was seconded by Board Member Meechan and carried unanimously. AYES (7) NO (0) ABSENT (0) ABSTAIN (0)

14. ADJOURNMENT TO CLOSED SESSION(S) (MAYOR'S CONFERENCE ROOM – ROOM 10)

15. RECONVENE TO OPEN SESSION

The Board adjourned into open session at approx. 5:25 pm. Chairman Dowd announced the Board had an informational briefing from legal counsel with respect to Items 14.1 and 14.3 on its agenda; had been briefed on the settlement with regard to item 14.3 and no action was taken.

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16. ADJOURNMENT OF MEETING

At 5:26 p.m. the meeting was adjourned. The next regular meeting of the Board of Public Utilities will be held on Thursday, November 5, 2009 at approximately 1:30 p.m. in the Council Chamber, City Hall, 100 Santa Rosa Avenue, Santa Rosa.

Richard Dowd

Gina Perez